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February 18, 2005

VIA HAND DELIVERY

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Re: In the Matter of a Voluntary Green Power Choice Program
Docket No. EO05010001

Dear Secretary Izzo:

On behalf of Jersey Central Power & Light Company ("JCP&L"), these comments (original and 11 copies) are submitted to the Board of Public Utilities ("Board") regarding the draft proposal for a Voluntary Green Power Choice Program ("Green Power Program") prepared by the Board's Office of Clean Energy ("OCE") and released by the Board for public comment on January 24, 2005. JCP&L welcomes the opportunity to provide comments on the proposed Green Power Program. During the working group process leading up to the draft proposal by the OCE, JCP&L provided extensive written and oral comments and appreciates the fact that many of its recommendations have been incorporated. JCP&L's present comments are designed to increase the internal consistency of the language in the Green Power Choice proposal, as well as to emphasize practical concerns that were raised in earlier working group discussions but are not reflected in the proposal. For the Board's convenience, JCP&L's comments correspond to the various sections and subsections of the Green Power Program proposal.

ROLES & RESPONSIBILITIES

Electric Distribution Companies

At the conclusion of the first paragraph of this subsection, the proposal states that "[t]he EDC will continue to send electric bills to these customers unless the GPM elects to separately bill" (emphasis added). This statement implies that an EDC may cease to send electric bills to customers participating in the Green Power Program if a Green Power Marketer ("GPM") elects to bill for its own services. However, JCP&L does not believe that the OCE intends such a meaning. Regardless of whether a GPM sends a separate bill for its services, the EDCs will continue to bill their customers for electric service. JCP&L suggests that the sentence be revised as follows: *A GPM may elect to separately bill customers for its services, but cannot provide consolidated billing services.*

In the fourth paragraph of this subsection, the proposal suggests that two agreements between the EDC and the GPM will be required. However, JCP&L does not see the need for more than one agreement between the EDC and the GPM, which should be modeled after the Customer Account Services Agreement. The only services being provided by the EDCs to the GPMs will be billing services. Hence, the Customer Account Services Agreement, which governs billing services provided by the EDCs to third party suppliers ("TPSs") is the appropriate model. However, to the extent that the Green Power Program proposal suggests that an additional agreement between the EDCs and the GPMs, modeled on the Board-approved TPS Agreement, is also necessary, JCP&L strongly disagrees. The Board-approved TPS Agreement governs the relationship between the EDC and TPSs providing electricity to retail customers within the EDC's service area. As a result, the TPS Agreement addresses issues such as

"Procedures for Energy Scheduling, Capacity Resource Submission and Transmission Procurement", "The Energy Settlement/Reconciliation Process", "Supplier Retail Obligations/Supplier's Discontinuance of Customers or Withdrawal from Provision of Competitive Energy Supply", and "Retail Metering Services". None of these types of issues have any relevance to the anticipated relationship between the EDCs and GPMs. Moreover, the few issues addressed in the TPS Agreement that may be relevant to the Green Power Program, such as "Customer Enrollment and Information Process Flow" could easily be incorporated into a single Green Power Program billing services agreement.

For these reasons, JCP&L suggests the following revisions to the paragraph: *The Customer Account Services Agreement approved by the Board (Docket No. EX99090676) and the Third Party Supplier Agreement (Docket No. EX03030185) presently used by Electric Retail Choice TPSs who either obtain consolidated billing services from the EDC or choose to separately bill for their services will be modified for this Program to clarify and articulate roles and responsibilities for this Program. A GPM/EDC Billing Services Agreement will be developed and approved by the BPU.*

<u>New Jersey BPU, Office of Clean Energy</u>

As understood by JCP&L, the contracting model currently being developed by the Board and the State Department of Treasury appears inconsistent with the OCE's contract administration responsibilities described in the Green Power Program proposal. JCP&L suggests that the proposal be revised to clarify the role OCE will have in the administration of contracts and contract solicitations, specifically to describe the role that the Department of Treasury will have in contract solicitation and management.

As a general matter, JCP&L notes that, as drafted, the proposal does not address the OCE's potential recourse in the event of GPM default. Customer risk under the Green Power Program is different than in the typical relationship with a TPS. Under the TPS Agreement, a TPS must satisfy creditworthiness requirements and, if necessary, post security to ensure against default. The EDCs retain the obligation of provider of last resort to all customers not being served by a TPS. Hence, if a TPS defaults by failing to deliver power to its customers, the EDCs must provide service to the TPSs' customers until the customers enroll with a new TPS or the TPS cures its default. According to the terms of the TPS Agreement, the EDCs may apply any posted security to purchase additional power to supply the TPSs' customers.

On the other hand, under the Green Power Program, the EDCs appropriately do not have any provider of last resort obligations and will only be providing billing services to the GPMs. Customers enrolled in the Green Power Program will purchase renewable energy certificates from the GPM. The EDCs may bill the customers on behalf of the GPMs, or the GPMs may bill the customers directly. However, one cannot guarantee that funds received by the GPM will be applied to the GPMs purchase of RECs necessary to satisfy its reporting obligations. In other words, it is possible for a customer to purchase RECs from the GPM without the GPM using those funds to purchase a corresponding number of RECs. Because the OCE will administer the Green Power Program, then it would be logical for the OCE to also have a means to provide a remedy to the GPMs customers for a GPM default. The OCE has proposed that each GPM post security in the amount of $25,000 in order to be granted GPM certification by the Board. This amount is intended to "insure against a failure to pay taxes or assessments, or a failure to meet contractual commitments to obtain and retire RECs in amounts matching the products offered". However, even if the Green Power Program enjoys only modest success, it is unlikely that this minimal amount of financial security will provide the OCE the means necessary to assure performance of those obligations in the event of a GPM default. Failures carry potentially significant credibility issues for both the program and attribute commodities. For these reasons, JCP&L suggests that the proposal be modified to require the GPM to post security commensurate with its obligations to purchase RECs.

<u>COMPENSATION & COST RECOVERY</u>

JCP&L agrees with the OCE's assessment that "[w]ithout cost recovery, an EDC will not be able to provide the level of support required by the GPMs". The proposal states that "participating EDCs will be recognized and compensated for their role through the use of New Jersey's Clean Energy Program Funds (CEPFs) through cost recovery under a Board Order". JCP&L anticipates that the Board or the OCE will accept comments from the EDCs regarding the costs for which they will seek recovery through CEPFs. After considering such comments, JCP&L would expect that the Board would issue an Order approving definitions of services, operational costs and the cost recovery mechanism. Due to the importance of EDC cost recovery to the successful implementation of the Green Power Program, JCP&L requests that the issuance of the referenced Board Order be added to the milestone list in Appendix H.

<u>CONSOLIDATED BILLING</u>

The first paragraph of this section states that "[a] customer that has selected a TPS will not <u>currently</u> be able to access the Voluntary GPC Program" (emphasis added). Based on the working group's discussions, the Green Power Program was intended solely to benefit Basic Generation Service ("BGS") customers who would otherwise not have the opportunity to purchase energy with increased environmental attributes. For that reason, the Green Power Program will not be opened to customers purchasing energy from TPSs. Accordingly, JCP&L suggests that the sentence be revised as follows: *A customer that has selected a TPS will not be able to access the Voluntary GPC Program.*

In the fifth paragraph of this section, the proposal states that "[o]nce the GPM successfully enrolls a GPC customer, the EDC will provide the GPM the same monthly consumption, billing, and payment information for the customer that the EDC provides to Electric Retail Choice TPSs". This statement is not accurate. Consistent with Appendices F and G, the EDCs will provide GPMs data consistent with the EDI requirements associated with the GPC billing process. These data do not include the same data required for TPS billing. The fifth paragraph in this section should be revised to reference the exchange of data needed to process bills as defined in EDI protocols and the technical Appendices F and G.

The final paragraph of this section states that "changes and modifications to billing systems will be made in time to launch the Program, specifically 8 months following the issuance of a Board Order . . establishing and authorizing the Program". Throughout the working group discussions and in written comments to the Board, the EDCs have consistently advised the working group that more than eight months may be required to implement the Green Power Program given the scope of the projects required to put the necessary systems into operation. Appendix H to the Green Power Program proposal more accurately reflects expected timing for implementation. Although eight months is a reasonable target, not all EDCs will be ready to launch within that period. Accordingly, JCP&L recommends that the proposal allow for a minimum of nine months to launch the Green Power Program, or change the reference to clarify that the date is a target.

EDI TRANSACTIONS

In the fourth paragraph of this section, the proposal states that "baseline GPC implementation will be preceded by a state-wide test of the EDI marketplace". The reference to a "statewide test of the EDI marketplace" is confusing and should be clarified. As JCP&L understands the process of EDI testing, and consistent with established TPS procedures, each of the EDCs will conduct GPM testing to enable initiation of billing services. This testing will not occur concurrently, although, indeed, tests will be completed throughout the State. JCP&L recommends that this statement be revised as follows: *Prior to the baseline GPC implementation, each EDC will conduct EDI testing with the GPMs.*

PRODUCT STANDARDS & ELIGIBLE RESOURCES

In several portions of this section, the proposal suggests that the GATS will verify or issue RECs. As JCP&L understands the intended design and operation of the PJM GATS (or any GATS for that matter), the GATS will simply track RECs, but it will neither issue nor "verify" them. If JCP&L's understanding is correct, then JCP&L suggests that the language used in this section of the proposal be clarified to more accurately characterize the PJM GATS. In addition, given the anticipated role of the PJM GATS, JCP&L asks that the proposal clarify whether the Board will issue an order approve an interim tracking agent if GATS is not available in the timeframe identified.

In the eighth paragraph of this section, the proposal states that GPMs may obtain "alternate verification of the product through a recognized third party verification program such as Green-e or an equivalent program". JCP&L suggests that the OCE maintain a list of approved third party certification programs from which the GPMs may choose, in order to assure that the certification obtained by the GPM meets the standards established by the OCE.

CUSTOMER INFORMATION AND SUBSCRIPTION SERVICE

Throughout the proposal, reference is made alternatively to "commercial and industrial customers" or "non-residential customer". However, in the second paragraph of this section, the first sentence states that the Green Power Program "will be available only to residential and commercial customers receiving BGS". Thus, in this sentence reference is made only to residential and commercial customers. Industrial customers are omitted. JCP&L therefore suggests that the OCE clarify this sentence and all references within the document to refer to commercial <u>and industrial</u> customers.

In the first paragraph of this section, the proposal references a number of customer information vehicles that will be used to support the subscription process, including a "GPC Call Center operated by and on behalf of OCE". Given the importance of the OCE's establishment of a contracted call center and clearinghouse, JCP&L recommends that these items be added to the milestone list in Appendix H.

Websites

In several places throughout the proposal and in this subsection in particular, the text refers to the EDCs' Green Power Program "web page", implying that each of the EDCs will have a "web page" dedicated to the Green Power Program. As JCP&L understands the marketing plan set forth in the proposal, each of the EDCs will provide simple summary information and a link to the OCE page, but will not need to maintain a dedicated page for this program in order to do so. Thus, JCP&L suggests that the proposal be revised to more accurately reference "web pages" and "web sites" as intended. As a minimum requirement, EDC's would provide links to the GPC program website on their web sites. For example, JCP&L recommends that second paragraph of the subsection should be revised as follows: *The EDC's web site will promote the GPC Program by, at a minimum, providing a link to the GPC Program home page, and the NJCEP toll fee number for consumer information about the Program.*

Customer Account Information

JCP&L agrees that the customer account number is crucial to the successful enrollment of a customer into the Green Power Program, just as that account number is crucial for the enrollment of a customer with a TPS. Since 1999, the Board has developed well-established rules for access to customer account information, including account numbers, by TPSs. Under the rules, a Board-approved form authorizing TPS access to information already exists. Consistent with these rules, GPMs should be required to provide a valid account number to the EDC in order to enroll a customer in the Green Power Program using the Board-approved form. JCP&L proposes including the form as an attachment to the GPM/EDC Billing Services Agreement.

Customer Re-enrollment

In the final paragraph of this subsection, the proposal states that "[t]he Board, through its Customer Report Card system, will implement measurements and performance thresholds to monitor the number of customers affected" by the lack of a so-called "seamless" move. First, the reference to the Customer Report Card process raises numerous questions.

JCP&L understands that its only role in the Customer Report Card process is to provide the Board with a tally of the number of customers enrolled in the Green Power Program. JCP&L requests that the OCE clarify its obligations to provide information for the Customer Report Card with respect to the Green Power Program. Upon receiving such clarification, if additional information is required, JCP&L reserves the right to comment further.

Regarding the "seamless move" issue, JCP&L reiterates its previous statements during many of the working group meetings. Specifically, the implementation of a process in which customers who relocate either within or between EDCs' service territories could "transfer" their participation in the Green Power Program without having to re-enroll will result in significant increases in each EDC's incremental costs. The benefits to the Green Power Program associated with these substantial cost increases cannot be documented with any reasonable certainty. Moreover, it is both reasonable and appropriate that customers moving to a new location have at least one month's experience with the electric bill in that new location before enrolling in a program that will increase the amount of their bill. JCP&L remains concerned that the implementation of a so-called seamless move will result in high bill and other potential complaints. For these reasons, JCP&L does not believe that the Board or the OCE should view the absence of a "seamless move" with disfavor, as the current draft proposal suggests.

SUPPLIER LICENSING AGREEMENT

As discussed above (on pages 4-5), JCP&L recommends that the Board and the OCE develop requirements that assure that the GPMs post sufficient security to protect customers from GPM default. JCP&L will work with the parties to develop an appropriate agreement.

APPENDIX D: CONSUMER DISCLOSURE RULES

6. CREDIT

Subpart (d) of this section asks whether "this can be done for dual billing only". JCP&L confirms that it cannot maintain a security deposit on behalf of a GPM in an interest bearing escrow account. Therefore, if a GPM wishes to require a security deposit from a customer, then the GPM must issue its own bills to such customer.

Once again, JCP&L thanks the Board for the opportunity to provide comments on the Green Power Program proposal.

Kindly stamp one of the enclosed copies of these comments as "filed" and return to the undersigned in the enclosed, self-addressed stamped envelope.

Very truly yours,

Julie L. Friedberg

JLF/jbl

cc: (via hand delivery)
Michael Winka
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